

competition of the private banks, and while some of the latter were drawn into an agreement in 1894, <sup>the>T soon</sup> denounced it or found means of evading its requirements. Modifications were made in the agreement at the general assembly of banks of issue October 9, 1900, but they were found too burdensome and were abolished the next year.\* In the meantime a special convention on June 9, 1900, gave to a central committee the power to reduce the volume of circulation when it judged that market conditions required it.<sup>a</sup> Under this authority actual reductions were made for several years, running as high as ten per cent, of the authorized circulation for 134 days in 1903, and seven and a half per cent, for eighty days in 1904. The revival of business activity made heavier demands upon the circulation in the next two years, so that the maximum reduction in 1905 was five percent, for eighty-eight days and in 1906 five per cent, for ninety days. The manner in which the reduction was accomplished was by the direct delivery of notes by each bank to the federal inspectorate.<sup>8</sup> Another step, designed to check unwarranted competition for deposit accounts, was taken by a convention at Lausanne, June 10, 1905, at which it was decided that the rate accorded by bankers on checking accounts payable at sight should be one and a half per cent, below the official rate of discount, but in no case higher than three per cent. or lower than one per cent.<sup>4</sup>

Most of the difficulties of the Swiss banks were accentuated by the persistently adverse course of exchange with France. Never in any year from 1888 to 1908 was the average rate for francs in Paris below par in Switzerland and most of the time it was at such a premium as made it profitable to import French, bank-notes, sell them for Swiss money at a premium, demand redemption of Swiss notes in silver, export the silver to France, and again bring back French

<sup>1</sup> Bouchmil, 134.

<sup>2</sup> Ibid., 124.

<sup>3</sup> Controle des Billets de Banque, 1906, 29.

<sup>4</sup> Ibid., 1905, 28.